

**In this edition...**

A number of Australian biotech stocks have performed very strongly in this half of 2009. Why? Because the news has been, by and large, positive. The value of Pharmaxis' Phase III Bronchitol should not be underestimated, but then neither should Sirtex Medical's surging sales, the swine flu outbreak impacting on Biota's share price, drug rivals to Acrux's Axiron receiving FDA warnings and many more. For once, biotech investment markets seem to be functioning properly! Not all companies are succeeding, a case in point being Optiscan Imaging, and others, such as Sunshine Heart, need more capital. And standing back from the public markets are a bevy of promising private companies, such as Hunter Immunology, which is profiled inside.

**The Editors**

**Companies Covered: MSB,OIL,SHC, SPL, SRX,UBI, Hunter Immunology**

	Bioshares Portfolio
Year 1 (May '01 - May '02)	21.2%
Year 2 (May '02 - May '03)	-9.4%
Year 3 (May '03 - May '04)	70.0%
Year 4 (May '04 - May '05)	-16.3%
Year 5 (May '05 - May '06)	77.8%
Year 6 (May '06 - May '07)	17.3%
Year 7 (May '07 - May '08)	-36%
Year 8 (May '08 - May '09)	-7.3%
Year 9 (May '09 - Current)	7.5%
<b>Cumulative Gain</b>	<b>109%</b>
<b>Av Annual Gain (8 yrs)</b>	<b>14.7%</b>

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# Bioshares

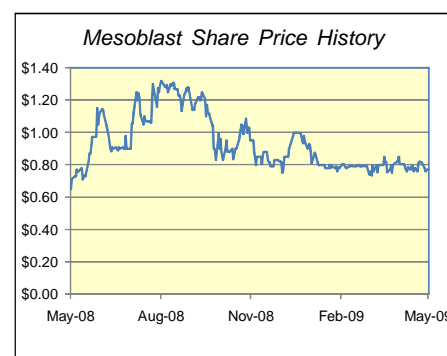
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*Delivering independent investment research to investors on Australian biotech, pharma and healthcare companies.*

Extract from *Bioshares* –

## Mesoblast's Striking Interim Trial Results

Mesoblast (MSB: \$0.77) announced this week some striking interim results from the first 20 patients in its Phase II heart failure trial with its allogeneic adult stem cell therapy, through its associate company Angioblast. The treatment group in the first and lowest dose group achieved a mean 37% improvement in cardiac function, compared to a mean 11% fall in the control group. No adverse events were reported and astoundingly, statistical significance was achieved after only three months of treatment in the first 20 patients.



The mesenchymal precursor stem technology is proving to be highly predictable from animal studies conducted with the stem cells in sheep, where a dose dependent response was observed.

A further 40 patients will be enrolled into the trial with the dose being tripled and a further improvement in heart function is expected. If the results continue to be positive, the company anticipates starting a Phase III study in mid 2010, although would prefer to begin that trial with a large partner on board.

The company's share price surprisingly showed little change on the news. It is believed the strong increase in volume triggered automated selling from an institutional investor responding to a redemption from shareholders.

This has been the most important clinical result to date for Mesoblast and its associate company Angioblast, of which Mesoblast is a 39% shareholder. The next milestones from this study will be six month data from the first 20 patients, then three month and six month data from the remaining cohort. At a potential single treatment cost of US\$15,000, the technology has the potential to build a multi-billion market for the product.

**Bioshares recommendation: Speculative Buy Class A**

**Bioshares**